

Client segmentation

Client information

Financial instruments

The following are deemed to be financial instruments:

1. Equity securities:
 - Securities¹ in the form of shares, including share-like securities allowing for participation or voting rights, such as participation certificates and dividend rights certificates
 - Securities¹ which, on conversion or exercise of the rights evidenced by them, enable the acquisition of equity securities, as set forth above, as soon as they have been registered for conversion,
2. Debt instruments: Securities¹ not classified as equity securities,
3. Units in Swiss and foreign collective investment schemes²,
4. Structured products, i.e. capital-protected products, capped return products and certificates,
5. Derivatives³,
6. Deposits whose redemption value or interest rate is risk- or price-dependent, excluding those whose interest is linked to an interest rate index,
7. Bonds: Units in an overall loan subject to uniform conditions.

¹ Securities are defined as standardised certificated and uncertificated securities, derivatives and intermediated securities, which are suitable for mass trading.

² As defined in Articles 7 and 119 of the Collective Investment Schemes Act (CISA) of 23 June 2006.

³ Derivatives are financial contracts whose value depends on one or more underlying assets and which are not a spot transaction (Article 2 letter c of the Financial Market Infrastructure Act of 19 June 2015)

Consequences of classification as a professional client

The main regulatory consequences of being classified as a professional client are as follows:

1. Consequences under the Federal Act on Financial Services of 15 June 2018 (FinSA)

a. Duties to inform (Articles 8 to 9 FinSA)

Professional clients may waive the requirement to be informed by the bank of the following:

- name, address, field of activity and supervisory status of the bank as well as the possibility of initiating mediation proceedings before a recognised ombudsman,
- the general risks associated with financial instruments,
- the personally recommended financial service and the associated costs and risks,
- the business affiliations with third parties in connection with the financial service offered,
- the market offer taken into account when selecting the financial instruments.

Subsequently, the bank is under no obligation towards professional clients,

- in the case of the personal recommendation or execution/transmission of client orders in relation to financial instruments for which a key information document must be drawn up, to provide this key information document to the client,
- in the case of the personal recommendation of financial instruments for which a prospectus is required, to provide this prospectus to the client free of charge on request.

b. Documentation and accountability obligations (Articles 15 to 16 FinSA)

Professional clients may waive the bank's obligation to document the following:

- the financial services agreed with the client and the information collected about the client,
- informing the client that no appropriateness or suitability assessment will be undertaken in the case of mere execution or transmission of client orders,
- notification to the client in the event that appropriateness or suitability of a financial instrument cannot be assessed or is not available,
- the financial services provided to the client,
- in the case of investment advice: the client's needs and the reasons for each recommendation leading to the acquisition or sale of a financial instrument.

By waiving this obligation, professional clients can exempt the bank from making the above-mentioned documentation available to the client upon request.

Finally, professional clients may waive the bank's accountability with respect to

- the financial services agreed and provided,
- the composition, valuation and development of the portfolio,
- the costs associated with the financial services.

c. Suitability and appropriateness assessment (Articles 10 to 14 FinSA)

When providing investment advice for individual transactions to professional clients, the bank may assume that the client has the necessary knowledge and experience.

When providing investment advice taking into account the client portfolio and when providing asset management services for professional clients, the bank may assume that the client has the necessary knowledge and experience and that the investment risks associated with the financial service are financially bearable for them.

d. Use of financial instruments of clients (Article 19 FinSA)

The bank is permitted to conduct short selling with financial instruments of professional clients.

2. Consequences under the Collective Investment Schemes Act of 23 June 2006 (CISA)

Professional clients are considered qualified investors pursuant to the Collective Investment Schemes Act of 23 June 2006 (CISA). Qualified investors can invest in collective investment schemes that are subject to simplified authorisation and approval procedures and can be exempted by FINMA from certain investor protection regulations. This includes the obligation to prepare a semi-annual report, to give investors the right to withdraw at any time and to issue and redeem units in cash. FINMA may also exempt such collective investment schemes from the obligation to comply with regulations on risk distribution.

3. Implementation of FinSA requirements by Zürcher Kantonalbank

We would like to inform you that Zürcher Kantonalbank will implement the customer protection and organisational requirements according to FinSA over the statutorily prescribed transition period by 31 December 2021 at the latest. We will notify you in the appropriate manner should individual implementation measures result in changes to our services.

Consequences of classification as an institutional client

The main regulatory consequences of being classified as an institutional client are as follows:

1. Consequences under the Federal Act on Financial Services of 15 June 2018 (FinSA)

For transactions with institutional clients, there is no obligation for the bank to comply with the rules of conduct for the provision of financial services pursuant to Article 7 to 19 FinSA.

a. Duties to inform (Articles 8 to 9 FinSA)

The bank is under no obligation to inform institutional clients of the following:

- name, address, field of activity and supervisory status of the bank as well as the possibility of initiating mediation proceedings before a recognised ombudsman,
- the general risks associated with financial instruments,
- the personally recommended financial service and the associated costs and risks,
- the business affiliations with third parties in connection with the financial service offered,
- the market offer taken into account when selecting the financial instruments.

Subsequently, the bank is under no obligation towards institutional clients,

- in the case of the personal recommendation or execution/transmission of client orders in relation to financial instruments for which a key information document must be drawn up, to provide this key information document to the client,
- in the case of the personal recommendation of financial instruments for which a prospectus is required, to provide this prospectus to the client free of charge on request.

b. Documentation and accountability obligations (Articles 15 to 16 FinSA)

When providing financial services to institutional clients, the bank is under no obligation to document the following:

- the financial services agreed with the client and the information collected about the client,
- informing the client that no appropriateness or suitability assessment will be undertaken in the case of mere execution or transmission of client orders,
- notification to the client in the event that appropriateness or suitability of a financial instrument cannot be assessed or is not available,
- the financial services provided to the client,
- in the case of investment advice: the client's needs and the reasons for each recommendation leading to the acquisition or sale of a financial instrument.

In addition, the bank is under no obligation to provide the above-mentioned documentation to institutional clients upon request.

Finally, the bank is under no obligation to account to institutional clients for

- the financial services agreed and provided,
- the composition, valuation and development of the portfolio,
- the costs associated with the financial services.

c. Suitability and appropriateness assessment (Articles 10 to 14 FinSA)

When providing investment advice for individual transactions to institutional clients, the bank is under no obligation to enquire about the client's knowledge and experience or to check whether financial instruments are appropriate for the client before recommending them.

When providing investment advice taking into account the client portfolio and when providing asset management services for institutional clients, the bank is under no obligation to enquire about the client's financial situation and investment objectives or about the client's knowledge and experience.

d. Transparency and diligence in client orders (Articles 17 to 18 FinSA)

The bank is under no obligation towards institutional clients

- to observe the principles of good faith and equal treatment when processing client orders,
- to achieve the best possible result from a financial, time and qualitative perspective in the execution of the client's orders,
- to issue internal directives on the execution of client orders that are commensurate to the number of employees and the operating structure.

e. Use of financial instruments of clients (Article 19 FinSA)

The bank is under no obligation towards institutional clients to obtain the client's express consent in order to borrow financial instruments from client portfolios as counterparty or to act as agent for such transactions. Short selling with financial instruments of institutional clients are also permitted.

2. Consequences under the Collective Investment Schemes Act of 23 June 2006 (CISA)

Institutional clients are considered qualified investors pursuant to the Collective Investment Schemes Act of 23 June 2006 (CISA). Qualified investors can invest in collective investment schemes that are subject to simplified authorisation and approval procedures and can be exempted by FINMA from certain investor protection regulations. This includes the obligation to prepare a semi-annual report, to give investors the right to withdraw at any time and to issue and redeem units in cash. FINMA may also exempt such collective investment schemes from the obligation to comply with regulations on risk distribution.

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Opt-out private client › professional client

The main regulatory consequences of changing segment from private to professional client are as follows:

1. Consequences under the Federal Act on Financial Services of 15 June 2018 (FinSA)

a. Duties to inform (Articles 8 to 9 FinSA)

Professional clients may expressly waive the requirement to be informed by the bank of the following:

- name, address, field of activity and supervisory status of the bank as well as the possibility of initiating mediation proceedings before a recognised ombudsman,
- the general risks associated with financial instruments,
- the personally recommended financial service and the associated costs and risks,
- to the business affiliation with third parties in connection with the financial service offered,
- the market offer taken into account when selecting the financial instruments.

Subsequently, the bank is under no obligation towards professional clients,

- in the case of the personal recommendation or execution/transmission of client orders in relation to financial instruments for which a key information document must be drawn up, to provide this key information document to the client,
- in the case of the personal recommendation of financial instruments for which a prospectus is required, to provide this prospectus to the client free of charge on request.

b. Documentation and accountability obligations (Articles 15 to 16 FinSA)

Professional clients may waive the bank's obligation to document the following:

- the financial services agreed with the client and the information collected about the client,
- informing the client that no appropriateness or suitability assessment will be undertaken in the case of mere execution or transmission of client orders,
- notification to the client in the event that appropriateness or suitability of a financial instrument cannot be assessed or is not available,
- the financial services provided to the client,
- in the case of investment advice: the client's needs and the reasons for each recommendation leading to the acquisition or sale of a financial instrument.

By waiving this obligation, professional clients can exempt the bank from making the above-mentioned documentation available to the client upon request.

Finally, professional clients may waive the bank's accountability with respect to

- the financial services agreed and provided,
- the composition, valuation and development of the portfolio,
- the costs associated with the financial services.

c. Suitability and appropriateness assessment (Articles 10 to 14 FinSA)

When providing investment advice for individual transactions to professional clients, the bank may assume that the client has the necessary knowledge and experience.

When providing investment advice taking into account the client portfolio and when providing asset management services for professional clients, the bank may assume that the client has the necessary knowledge and experience and that the investment risks associated with the financial service are financially bearable for them.

d. Use of financial instruments of clients (Article 19 FinSA)

The bank is permitted to conduct short selling with financial instruments of professional clients.

2. Consequences under the Collective Investment Schemes Act of 23 June 2006 (CISA)

Professional clients are considered qualified investors pursuant to the Collective Investment Schemes Act of 23 June 2006 (CISA). Qualified investors can invest in collective investment schemes that are subject to simplified authorisation and approval procedures and can be exempted by FINMA from certain investor protection regulations. This includes the obligation to prepare a semi-annual report, to give investors the right to withdraw at any time and to issue and redeem units in cash. FINMA may also exempt such collective investment schemes from the obligation to comply with regulations on risk distribution.

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Opt-out for professional client › institutional client

The main regulatory consequences of changing segment from professional to institutional client are as follows:

1. Consequences under the Federal Act on Financial Services of 15 June 2018 (FinSA)

For transactions with institutional clients, there is no obligation for the bank to comply with the rules of conduct for the provision of financial services pursuant to Article 7 to 19 FinSA.

a. Duties to inform (Articles 8 to 9 FinSA)

The bank is under no obligation to inform institutional clients of the following:

- name, address, field of activity and supervisory status of the bank as well as the possibility of initiating mediation proceedings before a recognised ombudsman,
- the general risks associated with financial instruments,
- the personally recommended financial service and the associated costs and risks,
- the business affiliations with third parties in connection with the financial service offered,
- the market offer taken into account when selecting the financial instruments.

Subsequently, the bank is under no obligation towards institutional clients,

- in the case of the personal recommendation or execution/transmission of client orders in relation to financial instruments for which a key information document must be drawn up, to provide this key information document to the client,
- in the case of the personal recommendation of financial instruments for which a prospectus is required, to provide this prospectus to the client free of charge on request.

b. Documentation and accountability obligations (Articles 15 to 16 FinSA)

When providing financial services to institutional clients, the bank is under no obligation to document the following:

- the financial services agreed with the client and the information collected about the client,
- informing the client that no appropriateness or suitability assessment will be undertaken in the case of mere execution or transmission of client orders,
- notification to the client in the event that appropriateness or suitability of a financial instrument cannot be assessed or is not available,
- the financial services provided to the client,
- in the case of investment advice: the client's needs and the reasons for each recommendation leading to the acquisition or sale of a financial instrument.

In addition, the bank is under no obligation to provide the above-mentioned documentation to institutional clients upon request.

Finally, the bank is under no obligation to account to institutional clients for

- the financial services agreed and provided,
- the composition, valuation and development of the portfolio,
- the costs associated with the financial services.

c. Suitability and appropriateness assessment (Articles 10 to 14 FinSA)

When providing investment advice for individual transactions to institutional clients, the bank is under no obligation to enquire about the client's knowledge and experience or to check whether financial instruments are appropriate for the client before recommending them.

When providing investment advice taking into account the client portfolio and when providing asset management services for institutional clients, the bank is under no obligation to enquire about the client's financial situation and investment objectives or about the client's knowledge and experience.

d. Transparency and diligence in client orders (Articles 17 to 18 FinSA)

The bank is under no obligation towards institutional clients

- to observe the principles of good faith and equal treatment when processing client orders,
- to achieve the best possible result from a financial, time and qualitative perspective in the execution of the client's orders,
- to issue internal directives on the execution of client orders that are commensurate to the number of employees and the operating structure.

e. Use of financial instruments of clients (Article 19 FinSA)

The bank is under no obligation towards institutional clients to obtain the client's express consent in order to borrow financial instruments from client portfolios as counterparty or to act as agent for such transactions. Short selling with financial instruments of institutional clients are also permitted.

2. Consequences under the Collective Investment Schemes Act of 23 June 2006 (CISA)

Institutional clients are considered qualified investors pursuant to the Collective Investment Schemes Act of 23 June 2006 (CISA). Qualified investors can invest in collective investment schemes that are subject to simplified authorisation and approval procedures and can be exempted by FINMA from certain investor protection regulations. This includes the obligation to prepare a semi-annual report, to give investors the right to withdraw at any time and to issue and redeem units in cash. FINMA may also exempt such collective investment schemes from the obligation to comply with regulations on risk distribution.

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